



# DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



## **Foreign Military Sales (FMS) Supply Discrepancy Report (SDR) Quality Deficiency Reporting**

**SDR Focused Topic PRC Meeting 14-1  
Defense Logistics Management Standards  
Office**

**[www.dla.mil/j-6/dlmso/](http://www.dla.mil/j-6/dlmso/)  
February 11, 2014**



# Discussion Topics

- Objectives
- Overview and Background
- Service/Agency Processing (Current/Future)
- Way Ahead



# Objectives

- Understand current procedures for communicating and processing of FMS quality deficiency complaints
- Explore alternatives for improved electronic processing
  - Interim
  - Long term
- Reach consensus
- Document next steps



# Background

- Security Assistance Management Manual (SAMM) directs use of SDR:

*"C6.4.10. Supply Discrepancies. The USG makes every effort to provide the correct defense article or service in the quantity and quality shown in the LOA. In the event of a discrepancy, the purchaser submits an SDR using (Standard Form (SF) 364). Instructions for SF 364 completion, DoD processing timeframes, and responsibilities is found in the Defense Logistics Management System (DLMS) Manual, DLM 4000.25-M, Volume 2, Chapter 17."*

<http://www.samm.dsca.mil/chapter/chapter-6>

- DLMS prescribes procedures for submission via SDR and investigation under PQDR procedures

*C17.1.7.3. Product Quality Deficiency. A product quality deficiency is a defective or non-conforming condition that limits or prohibits the item from fulfilling its intended purpose. These include deficiencies in design, specification, materiel, manufacturing, and workmanship. These are reportable on an SDR only by a Security Assistance customer. All others follow PQDR policy found in DLAR 4155.24/AR 702-7/SECNAVINST 4855.5B, AFR 74-6 Product Quality Deficiency Report Program. **Quality deficiencies reported via SDR will be investigated within the ICP/IMM under procedures associated with Product Quality Deficiency Reports. PQDR resolution provided via SDR reply to the submitting ILCO will identify the associated PQDR record control number (RCN) as a cross-reference to the PQDR identification used by the ICP/IMM.***

[http://www2.dla.mil/j-6/dlmso/elibrary/manuals/dlm/dlm\\_pubs.asp](http://www2.dla.mil/j-6/dlmso/elibrary/manuals/dlm/dlm_pubs.asp)



# Background

- Discrepancy Codes categorize the product quality deficiency:

Q1	Product Quality Deficiency
Q2	Quality deficiency, contractual noncompliance
Q3	Design deficiency, item requires change in design
Q4	Contracting deficiency, specification, and/or technical data deficient.
Q7	Safety hazard
Q8	Latent defect

- Narrative instructions provide additional clarification on submission rules:

*"C17.5.10. Product Quality. Product quality deficiencies relative to Security Assistance shipments are reportable via SDR. If product quality is for latent defect, the Security Assistance customer must provide evidence that a receipt inspection was done and the defect could not be detected at that time and that the defect is present for reasons other than deterioration or damage incurred during storage or handling. Quality deficiencies include deficiencies in design, specifications materiel, manufacture, and/or workmanship. The submitter must identify by discrepancy code any quality deficiencies (including latent defects) that result in a safety hazard. Include the following information in the SDR, as applicable: manufacturer's name; contract/purchase order number; date of manufacture, pack, or expiration; lot/batch number; location of materiel; point of contact information (if other than the preparing official); along with a detailed description of the complaint if needed to supplement encoded information. Include the following information in all product quality SDR packages, as applicable: photographs, test data, and related documentation. When submitting a latent defect discrepancy code on the SDR, the report must include substantiating documentation to validate the latent defect such as the applicable test report used to identify the latent defect. Latent defects must be submitted to the ILCO with substantiating documentation. Following is a list of potentially applicable forms of substantiating documentation:*

*C17.5.10.1. Receipt tests conducted and test reports (including test equipment model, serial number and software version), or documentation of receipt tests not conducted, and justification for tests not conducted.*

*C17.5.10.2. Subsequent tests conducted and results including test equipment model, serial number, and software version along with test readings.*

*C17.5.10.3. Justification that initial receipt inspection and testing could not have detected the deficiency.*

*C17.5.10.4. Documentation of storage and handling of the item since receipt including type of storage."*



# Background

- DLMS SDR 842A/W Implementation Convention (IC) defines unique data requirements beyond those associated with supply discrepancies:
  - Specific remarks text fields comparable to PQDR:
    - Circumstances Prior to Difficulty
    - Description of Difficulty
    - Suspected Cause
    - Action Taken
    - Recommendations
  - Other data elements:
    - Location of Deficient Material
    - Category I or II
    - Item New or Repaired/Overhauled
      - Item Under Warranty
      - End Item and Next Higher Assembly
      - Date Deficiency Discovered
- DLMS SDR Reply (842A/R) IC supports inclusion of the PQDR Report Control Number
- WebSDR input screens do not carry comparable fields



## Background

### **DLMS PQDR Transaction**

- ADC 1007, October 2012, established a new standard transaction format (DLMS 842P) for exchanging PQDR data between systems
  - New procedures supports tracking of PQDR exhibits by including the PQDR RCN in multiple DLMS transactions and providing information copies to the PDREP-AIS
    - Addendums issued as data and procedures are refined
    - PQDR RCN applied to prepositioned materiel receipt, receipt, release order, shipment status, and materiel returns shipment status
  - PDREP coding underway; no specific target implementation date available





## Background PDREP Interface

- WebSDR interface with Product Data Reporting and Evaluation Program Automated Information System (PDREP-AIS) for FMS quality deficiency SDRs (based upon discrepancy code) developed in 2008
  - Trial run encountered significant problems and turned off for SDRs that would not normally go to PDREP (non-Navy/Marine Corps)
- PDREP-AIS is set up to convert quality-related SDRs to PQDRs, while maintaining the original SDR
  - Ensures Quality Assurance has a chance to review and fix any quality issue that may exist with the materiel to prevent recurrence
  - When PQDR is closed, its investigation results are placed in the original SDR and the reply sent back to the originator





## Background

# PDREP Interface - Problems Encountered

- Biggest problem very high volume of SDRs with Q1 were not actually quality issues
  - Educate FMS customers
  - Better prescreening at ILCO required – ILCO doesn't have the expertise to be a screening activity for PQDRs
  - Processing rules needed for reply with forwarding as SDR to applicable action activity (vice rejection to customer)
    - Reject to ILCO, ILCO adjust discrepancy code and 504 to action activity
- PDREP SDR reply wasn't using Reply Codes associated with directed return of materiel (Codes 105, 106 or 107, 108)
  - PQDR may not support data needed for a systemic conversion from the PQDR response to the SDR reply code



## Background

# PDREP Interface - Problems Encountered

- Preliminary design didn't address resubmission/contested SDR process
- Credit process concerns
- Criteria for a Category 1 versus a Category 2 PQDR not fully understood within ILCO/customer country
- ILCO loses visibility of the complaint when it is passed to different activities/systems as a PQDR
- Exclusion rules for procurement/repair work by PROS contractor SDRs not established
  - WebSDR rules can be based upon action activity RICs (FXA, FXB)
- Attachment functionality required for PQDR processing



## Service/Agency Processing (Current/Future)

- DLA
- Army
  - The current process for the Army differs by command
- Navy
- Marine Corps
- Air Force
- DSCA
- GSA

Service/Agency briefings



# Goals

- Standardized approach – everyone on the same page for system development and policy guidance
  - Eliminate process gaps
  - Ensure customer quality complaints reach the right offices with maximum efficiency, minimum delay
  - Ensure data content supports investigation and resolution
  - Ensure resolution is properly communicated to the customer
    - Materiel disposition
    - Credit



# Determine Way Ahead

- Alternatives for consideration:
  - Fix deficiencies in PDREP interface
    - Form small team to research and document business rules in PDC
    - Additional programming (WebSDR and PDREP)
    - Enhance WebSDR screens for PQDR data
  - Service/Agency ICP responsibility for conversion
    - Systemic
    - Manual until supported by system
  - ILCOs input quality complaints via PQDR system
  - SCES collects PQDR-related data fields, directs complaints to SDR or PQDR system using appropriate transaction format
  - Update SAMM policy and LOA for customer reporting via PQDR
- Discussion and consensus
  - Interim?
  - Long-term?



# Back-up Slides



# DLMS SDR Information Exchange Integrating Component SDR

